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Town of Kentwood

Louisiana

Annual Financial Report

For The Year Ended December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-23-00

Bruce Harrell & Company
Certified Public Accountants
A Professional Accounting Corporation

TOWN OF KENTWOOD

LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

TABLE OF CONTENTS

	Statement	Schedule	Page
Independent Auditor's Report			5
GENERAL PURPOSE FINANCIAL STATEMENTS:			
Combined Balance Sheet - All Fund Types and Account Groups	A		7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	B		11
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types	C		13
Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings - Proprietary Fund Type	D		14
Statement of Cash Flows - Proprietary Fund Type	E		15
Notes to Financial Statements			16
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS			
GENERAL FUND			
Balance Sheet		1	38
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual		2	39
Schedule of Expenditures, Compared to Budget (GAAP Basis)		3	41
SPECIAL REVENUE FUNDS			
Combining Balance Sheet		4	45
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances		5	46

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

TABLE OF CONTENTS
(Continued)

	Statement	Schedule	Page
Public Housing Fund:			
Balance Sheet		6	47
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual		7	48
Kentwood Volunteer Fire Department:			
Balance Sheet		8	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual		9	50
ENTERPRISE FUND			
Water, Sewer and Gas Departments:			
Balance Sheet		10	53
Schedule of Changes in Unreserved Retained Earnings		11	55
Water Department:			
Schedule of Revenues and Expenses - Budget and Actual		12	56
Sewer Department:			
Schedule of Revenues and Expenses - Budget and Actual		13	57
Gas Department:			
Schedule of Revenues and Expenses - Budget and Actual		14	58
Schedule of Cash Flows - Proprietary Fund Type		15	59
Schedule of Changes in Assets Restricted for USDA Rural Development Revenue Bond Debt Service and Schedule of Customers		16	60

**TOWN OF KENTWOOD
LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

**TABLE OF CONTENTS
(Continued)**

	Statement Schedule	Page
Schedule of Gas Sales and Purchases	17	61
Schedule of Insurance	18	62
Schedule of Compensation Paid Board Members	19	63
Summary Schedule of Prior Year Audit Findings	20	64
Corrective Action Plan for Current Year Audit Findings	21	65
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		68
.....	Appendix	
Financial Data As Electronically Submitted (Required to Meet HUD Requirements)	1	71

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kentwood, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Kentwood, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Kentwood, Louisiana, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2000 on our consideration of the Town of Kentwood, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Kentwood, Louisiana, taken as a whole. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Kentwood, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

May 26, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

Town of Kentwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1999

	Governmental Funds			Proprietary Fund
	General	Special Revenue	Capital Projects	Enterprise
ASSETS				
Cash	\$ 621,072	\$ 454,095	\$ 1	\$ 460,729
Taxes Receivable, Net	38,975	-	-	-
Accounts Receivable, Net	-	-	-	158,239
Inventory	-	-	-	-
Due From Other Funds	5,794	1,778	-	-
Due From Other Governments	57,260	35,477	-	-
Other Receivables	20,729	-	-	-
Restricted Assets - Cash	-	-	-	255,521
Fixed Assets	-	11,035	-	5,487,840
Accumulated Depreciation	-	-	-	(2,357,619)
Amount to be Provided for Retirement of General Long-term Obligations	-	-	-	-
TOTAL ASSETS	\$ 743,830	\$ 502,385	\$ 1	\$ 4,004,710

(Continued on the following page.)

The accompanying notes are an integral part of this statement.

Statement A

ACCOUNT GROUP			
General Fixed Assets	General Long-term Obligations	Total Memorandum Only	
		1999	1998
\$ -	\$ -	\$ 1,535,897	\$ 1,262,448
-	-	38,975	36,451
-	-	158,239	138,840
-	-	-	13,838
-	-	7,572	10,133
-	-	92,737	155,043
-	-	20,729	10,889
-	-	255,521	214,492
2,248,877	-	7,747,752	7,674,492
-	-	(2,357,619)	(2,172,112)
-	-	-	-
<u>\$ 2,248,877</u>	<u>\$ -</u>	<u>\$ 7,499,803</u>	<u>\$ 7,344,514</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1999

	Governmental Funds			Proprietary Fund
	General	Special Revenue	Capital Projects	Enterprise
LIABILITIES				
Accounts Payable	\$ 54,210	\$ 4,563	\$ 1	\$ 57,366
Other Accrued Expenses	20,633	-	-	8,022
Payable From Restricted Assets:				
Customer Deposits	-	-	-	74,078
Revenue Bonds	-	-	-	10,916
Accrued Interest Payable - Contracts Payable	-	-	-	3,541
Due to Other Funds	1,778	5,794	-	-
Due to Other Governments	4,891	1,701	-	-
Deferred Revenue	-	12,972	-	-
Lease Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	840,402
Total Liabilities	<u>81,512</u>	<u>25,030</u>	<u>1</u>	<u>994,325</u>
FUND EQUITY				
Contributed Equity	-	-	-	2,876,953
Accumulated Amortization	-	-	-	(866,331)
Investment in General Fixed Assets	-	-	-	-
Retained Earnings:				
Reserved for Contingencies	-	-	-	157,133
Reserved for Bond Payments RUS	-	-	-	21,526
Unreserved	-	-	-	821,104
Fund Balance:				
Reserved for Economic Development	76,728	-	-	-
Unreserved-Undesignated	585,590	477,355	-	-
Total Fund Balance/Retained Earnings	<u>662,318</u>	<u>477,355</u>	<u>-</u>	<u>999,763</u>
Total Fund Equity	<u>662,318</u>	<u>477,355</u>	<u>-</u>	<u>3,010,385</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 743,830</u>	<u>\$ 502,385</u>	<u>\$ 1</u>	<u>\$ 4,004,710</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement A
(Continued)

Account Group		Total	
General Fixed Assets	General Long-term Obligations	Memorandum Only	
		1999	1998
\$ -	\$ -	\$ 116,140	\$ 103,737
-	-	28,655	52,189
-	-	74,078	72,313
-	-	10,916	10,341
-	-	3,541	3,547
-	-	-	35,481
-	-	7,572	10,133
-	-	6,592	7,725
-	-	12,972	12,304
-	-	-	-
-	-	840,402	851,206
-	-	1,100,868	1,158,976
-	-	2,876,953	2,871,987
-	-	(866,331)	(771,724)
2,248,877	-	2,248,877	2,189,418
-	-	157,133	123,905
-	-	21,526	17,991
-	-	821,104	855,835
-	-	76,728	62,000
-	-	1,062,945	836,126
-	-	2,139,436	1,895,857
2,248,877	-	6,398,935	6,185,538
<u>\$ 2,248,877</u>	<u>\$ -</u>	<u>\$ 7,499,803</u>	<u>\$ 7,344,514</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1999**

	GOVERNMENTAL FUNDS		
	General	Special Revenue	Capital Projects
Revenues			
Taxes	\$ 633,755	\$ -	\$ -
Licenses and Permits	114,261	-	-
Intergovernmental	208,900	313,640	30,219
Charges for Services	18,291	-	-
Fines and Forfeits	13,100	-	-
Miscellaneous	167,876	10,293	-
Total Revenues	1,156,183	323,933	30,219
Expenditures			
General and Administrative	287,713	18,952	-
Public Safety	427,529	62,767	-
Streets and Sanitation	345,200	-	-
Health	5,862	-	-
Cultural	8,465	-	-
Housing Assistance Payments	-	124,157	-
Capital Outlays	49,146	11,338	30,219
Total Expenditures	1,123,915	217,214	30,219
Excess of Revenues (Expenditures)	32,268	106,719	-
Other Financing Sources (Uses)			
Sale of Fixed Assets	2,560	-	-
Operating Transfers In	100,000	10,733	-
Operating Transfers Out	(10,733)	-	-
Total Other Financing Sources (Uses)	91,827	10,733	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	124,095	117,452	-
Fund Balance, Beginning of Year	538,223	359,903	-
Fund Balance, End of Year	\$ 662,318	\$ 477,355	\$ -

The accompanying notes are an integral part of this statement.

Statement B

TOTALS
(MEMORANDUM ONLY)

<u>1999</u>	<u>1998</u>
\$ 633,755	\$ 599,489
114,261	105,491
552,759	1,013,672
18,291	20,150
13,100	16,126
<u>178,169</u>	<u>140,932</u>
<u>1,510,335</u>	<u>1,895,860</u>
306,665	280,756
490,296	474,764
345,200	344,740
5,862	4,646
8,465	8,503
124,157	104,582
<u>90,703</u>	<u>503,333</u>
<u>1,371,348</u>	<u>1,721,324</u>
<u>138,987</u>	<u>174,536</u>
2,560	1,070
110,733	110,198
<u>(10,733)</u>	<u>(10,310)</u>
<u>102,560</u>	<u>100,958</u>
241,547	275,494
<u>898,126</u>	<u>646,809</u>
<u>\$ 1,139,673</u>	<u>\$ 922,303</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Statement C

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended December 31, 1999**

	GENERAL FUND TYPE			SPECIAL REVENUE FUND TYPES		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$ 617,530	\$ 633,755	\$ 16,225	\$ -	\$ -	\$ -
Licenses and Permits	114,600	114,261	(339)	-	-	-
Intergovernmental	201,973	208,900	6,927	312,300	313,640	1,340
Charges for Services	18,265	18,291	26	-	-	-
Fines and Forfeits	13,000	13,100	100	-	-	-
Miscellaneous	166,365	167,876	1,511	9,550	10,293	743
Total Revenues	<u>1,131,733</u>	<u>1,156,183</u>	<u>24,450</u>	<u>321,850</u>	<u>323,933</u>	<u>2,083</u>
Expenditures						
General and Administrative	293,845	287,713	6,132	21,200	18,952	2,248
Public Safety	435,029	427,529	7,500	59,400	62,767	(3,367)
Streets and Sanitation	362,490	345,200	17,290	-	-	-
Health	5,900	5,862	38	-	-	-
Cultural	8,550	8,465	85	-	-	-
Capital Outlays	66,350	49,146	17,204	12,000	11,338	662
Housing Assistance Payments	-	-	-	124,500	124,157	343
Total Expenditures	<u>1,172,164</u>	<u>1,123,915</u>	<u>48,249</u>	<u>217,100</u>	<u>217,214</u>	<u>(114)</u>
Excess of Revenues (Expenditures)	<u>(40,431)</u>	<u>32,268</u>	<u>72,699</u>	<u>104,750</u>	<u>106,719</u>	<u>1,969</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	2,560	2,560	-	-	-	-
Operating Transfers In	100,000	100,000	-	10,000	10,733	733
Operating Transfers Out	(10,000)	(10,733)	(733)	-	-	-
Total Other Financing Sources (Uses)	<u>92,560</u>	<u>91,827</u>	<u>(733)</u>	<u>10,000</u>	<u>10,733</u>	<u>733</u>
Excess Revenues and Other Financing Sources (Expenditures and Other Financing Uses)	<u>52,129</u>	<u>124,095</u>	<u>71,966</u>	<u>114,750</u>	<u>117,452</u>	<u>2,702</u>
Fund Balance, Beginning of Year	<u>538,223</u>	<u>538,223</u>	<u>-</u>	<u>359,903</u>	<u>359,903</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 590,352</u>	<u>\$ 662,318</u>	<u>\$ 71,966</u>	<u>\$ 474,653</u>	<u>\$ 477,355</u>	<u>\$ 2,702</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Statement D

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN UNRESERVED RETAINED EARNINGS
PROPRIETARY FUND TYPE
Year Ended December 31, 1999**

Operating Revenues	
Charges for Services:	
Water Sales	\$ 221,172
Sewer Service Charges	199,441
Gas Sales	374,087
Service Connection Charges	2,370
Delinquent Charges	23,218
Other Income	<u>487</u>
Total Operating Revenues	<u>820,775</u>
Operating Expenses	
Water Department Expenses	228,446
Gas Department Expenses	355,582
Sewer Department Expenses	<u>214,692</u>
Total Operating Expenses	<u>798,720</u>
Net Operating Income	<u>22,055</u>
Nonoperating Revenues (Expenses)	
Interest Income	33,708
Bad Debt Recoveries	1,461
Bad Debt Expense	(6,846)
Interest Expense	<u>(42,954)</u>
Total Nonoperating Revenues (Expenses)	<u>(14,631)</u>
Net Income Before Operating Transfers	7,424
Operating Transfer to General Fund	<u>(100,000)</u>
Net Income (Loss)	(92,576)
Unreserved Retained Earnings, Beginning of Year	855,835
Add: Amortization on Contributed Capital	94,607
Less: Increase in Reserved Retained Earnings	<u>(36,762)</u>
Unreserved Retained Earnings, End of Year	<u>\$ 821,104</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Statement E

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE
Year Ended December 31, 1999**

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities:

Operating Income

\$ 22,055

Adjustments to Reconcile Operating Income to
Net Cash Provided by Operating Activities:

Depreciation Expense

\$ 185,508

Change in Accounts Receivable

(19,399)

Change in Retainage Payable

(10,261)

Change in Inventory

13,838

Change in Current Liabilities

1,679

Change in Restricted Liabilities

1,759

Total Adjustments

173,124

Net Cash Provided by Operating Activities

195,179

Cash Flows from Capital and Related Financing Activities:

Interest Income

33,708

Repayment of RECD Bonds

(10,230)

Payment for Capital Acquisitions

(13,542)

Interest Paid

(42,954)

Capital Contributions

4,966

Net Cash Used for Capital and Related Financing Activities

(28,052)

Cash Flows from Non-capital Financing Activities:

Operating Transfers to Other Funds

(100,000)

Bad Debt Recoveries

1,461

Bad Debt Expense

(6,846)

Net Cash Used for Non-capital Financing Activities

(105,385)

Net Increase in Cash and Cash Equivalents

61,742

Cash and Cash Equivalents, Beginning of Year

654,508

Cash and Cash Equivalents, End of Year

\$ 716,250

The accompanying notes are an integral part of this statement.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended DECEMBER 31, 1999

Introduction

The Town of Kentwood was incorporated March, 1893, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. For financial reporting purposes, the Town includes all funds and account groups that are controlled by or dependent on the Town as determined on the basis of budget adoption, management oversight responsibility, taxing authority, or the Town's obligation to fund any deficits.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Town of Kentwood have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the municipal governing authority, for reporting purpose, the Town of Kentwood is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Town of Kentwood), (b) organizations for which the primary government is financially accountable, and (c) other organizations which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No.14 established criteria for determining which component units should be considered part of the Town of Kentwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town of Kentwood to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town of Kentwood.
2. Organizations for which the Town of Kentwood does not appoint a voting majority but are fiscally dependent on the Town of Kentwood.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Generally accepted accounting principals require the Town of Kentwood (the primary government) to present these financial statements with any component units. Considered in the determination of component units of the reporting entity were the Tangipahoa Parish Council, Sheriff, Clerk of Court, Assessor, and School Board, and the District

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

Attorney and Judges for the 21st Judicial District. It was determined that these entities are not component units of the Town of Kentwood reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Kentwood. The Town of Kentwood has no component units to include in its financial statements.

C. Fund Accounting

The Town of Kentwood uses fund types and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town of Kentwood are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund type follows:

Governmental Funds

Governmental funds are used to account for all or most of the Town of Kentwood's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

1. General fund - the general operating fund of the Town of Kentwood and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
3. Capital projects funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Town of Kentwood has only one proprietary fund type as follows:

Enterprise fund - accounts for operations (a) where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available).

Expenditures

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations which are recognized when paid.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). The transfers are recorded at the time the money is transferred.

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting

The Town of Kentwood follows these procedures and those required by the Local Budget Act No. 504 of the 1980 Legislature and its amendments in establishing the budgetary data reflected in these financial statements.

1. The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

available for public inspection. At the same time, a public hearing is called.

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, and Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

F. Encumbrances

The Town of Kentwood does not use encumbrance accounting.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Kentwood may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Investments

Investments are limited by Louisiana Revised Statutes (R.S.) 33:2955 and the Town of Kentwood's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments of the Town of Kentwood are maintained in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, and operates as a local government investment pool. LAMP invests its assets only in securities and other obligations that are permissible under Louisiana State law for local governments. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or otherwise backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the reporting of investment positions in 2a7-like pools (such as LAMP) be based on the pool's share price.

I. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriations. The Town of Kentwood does not have any of these type advances.

K. Inventories

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

L. Prepaid Items

The Town of Kentwood does not have any prepaid items.

M. Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the balance sheet because their use is limited by applicable bond covenants.

N. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All assets are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Fixed assets used in the proprietary fund are included on the balance sheet of the funds. Depreciation of exhaustible fixed assets used by the proprietary fund is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund's balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

O. Compensated Absences (Annual Vacation and Sick Leave)

The Town of Kentwood has the following policy related to annual vacation and sick leave:

All regular employees, after one year of employment, are entitled to the following annual vacation and sick leave:

All regular employees, except police with less than three years, earn:

Annual leave - ½ day per month
Sick leave - 1 day per month

Police with less than six years earn:

Annual leave - 2 weeks per year
Sick leave - 1 day per month

All regular employees, except police with three years, but less than ten years earn:

Annual leave - ¾ day per month
Sick leave - 1 day per month

Police after six years earn:

Annual leave - 3 weeks per year
Sick leave - 1 day per month

All regular employees except police with ten years or more earn:

Annual leave - 1 day per month
Sick leave - 1 day per month

All regular employees are allowed to accumulate up to thirty (30) days of unused annual leave and an unlimited amount of unused sick leave.

When workmen's compensation is due an employee, that employee has the option of using accrued annual vacation and sick leave while drawing workmen's compensation, but must reimburse the town all workmen's compensation benefits received.

A law officer disabled while performing duty of hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability, provided all workmen's compensation benefits are reimbursed to the town.

As of December 31, 1999, the General Fund reported accrued annual vacation leave of \$14,801. The Enterprise Fund for the same period reported accrued vacation leave of \$6,314.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

In accordance with Financial Accounting Standards Board (FASB) Statement Number 43, no liability has been accrued for unused sick leave.

P. Long-term Obligations

Long-term obligations of the Town of Kentwood expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

Q. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition of or construction of capital assets. Contributed capital is amortized based on the depreciation recognized in that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated fund balance

Designated fund balances represent tentative plans for future use of financial resources.

R. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the Town of Kentwood are reported as operating transfers.

S. Bad Debts

The Town of Kentwood does not have an allowance for uncollectible ad valorem taxes because the amounts, if any, are immaterial. Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the direct write-off method. An allowance account of \$600 was set up in prior years to allow for the uncollectibility of certain receivables.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

T. Total Columns on Combined Statements

Total Columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. Cash and Cash Equivalents

At December 31, 1999, the Town has cash and cash equivalents (book balances) totaling \$1,791,418, as follows:

LAMP (See footnote 3)	\$ 1,142,252
Interest-bearing demand deposit	432,166
Time deposits	217,000
Total	<u>\$ 1,791,418</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1999, the Town has \$679,488 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$479,488 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

3. Investments

Investments are categorized into these three categories of credit risk:

- I. Insured or registered, or securities held by the town or its agent in the town's name
- II. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the town's name
- III. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the town's name

All investments held by the Town of Kentwood fall into category I credit risk, defined as "insured or registered, or

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

securities held by the Town of Kentwood or its agent in the Town of Kentwood's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Investments held by the Town of Kentwood at December 31, 1999, are as follows:

Type of Investment	Fair Value	Total Carrying Amount
LAMP	\$ 1,142,252	\$ 1,142,252

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 1999, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

4. Taxes

For the year ended December 31, 1999 taxes were levied as follows:

On December 14, 1970, the Town of Kentwood was authorized to levy a one percent (1%) sales and use tax. The proceeds of this one percent (1%) sales and use tax levied by the Town are for general corporate purposes. On June 14, 1984, the Town amended the provisions of this one percent (1%) sales and use tax as to the definitions, goods and services taxable, exemptions, penalties, interest, fines, etc.

In an election held April 7, 1984, the Town was authorized to levy and collect an additional tax of one percent (1%) in addition to a sales and use tax now levied and collected in the Town upon the sale at retail, the use, the lease or rental, the consumption, and storage for use or consumption, of tangible personal property and on sales of services in the Town, all as presently defined, in LRS - 47:317, inclusive for a period of twenty (20) years from date of the first levy of said tax, with the proceeds of the tax (after paying reasonable and necessary costs and expenses of collecting and administering tax) to be used for the following purposes: not to exceed fifty percent (50%) of the proceeds for the constructing, acquiring, improving, maintaining and operating solid waste collection and disposal facilities; the remainder of the proceeds for the purpose of paying policemen's and other Town employees salaries and other general operating costs of the Town; constructing and acquiring additions, extensions and improvements to the sewerage

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

collection, disposal and treatment plant and system, the waterworks plant and system; and the natural gas system; constructing, paving, resurfacing and improving streets, sidewalks, roads, bridges, alleys, drains and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; constructing and improving public buildings, jails, public parks, and recreation facilities, including the necessary equipment and furnishings thereof; title to said improvements shall be in the public. The additional one percent (1%) sales and use tax was levied effective July, 1984.

Sales and use taxes collected for year ended December 31, 1999, was \$544,453.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town on May 6, 1999, and actually billed to the taxpayers in November, 1999. Billed taxes were delinquent on January 1, 2000. Revenues from ad valorem taxes are budgeted in the year billed.

The Town of Kentwood bills and collects its own property taxes, using the assessed value determined by the tax assessor of Tangipahoa Parish, Louisiana.

For the year ended December 31, 1999, taxes of 6.40 mills were levied on property with assessed valuations totaling \$7,829,460 and were dedicated as follows:

	Mills	FYE 12/31/99
General Corporate Purposes	6.40	\$ 50,834

The Town does not have an allowance for uncollectible ad valorem taxes because the amounts, if any, are immaterial.

The following public utilities were assessed a public utilities franchise tax for the privilege of providing services to the citizens of the Town of Kentwood. These taxes are dedicated for any general corporate purpose.

	FYE 12/31/99
Entergy	\$ 32,761
Cable TV	5,177
	\$ 37,938

Taxes receivable in the general fund at December 31, 1999, consisted of the following:

	FYE 12/31/99
Ad Valorem Taxes Receivable, Current Roll	\$ 25,818
Public Utility Franchise Tax Receivable	13,157
Total Taxes Receivable, Net	\$ 38,975

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

5. Accounts Receivable

The Enterprise Fund accounts receivable at December 31, 1999, consisted of the following:

	FYE 12/31/99
Accounts Receivable	
Current	\$ 150,605
30-60 Days	3,833
60-90 Days	2,506
90 Days and Over	1,895
Total	158,839
Less: Allowance for Bad Debts	(600)
Accounts Receivable, Net	\$ 158,239

6. Interfund Receivables, Payables

At December 31, 1999, the Town had the following interfund receivables/payables.

	Due to Other Funds	Due From Other Funds
General Fund	\$ 1,778	\$ 5,794
Special Revenue Fund	5,794	1,778
Total	\$ 7,572	\$ 7,572

7. Due From Other Governments

Amounts due from other governmental units consisted of the following:

	12/31/99
General Fund:	
Taxes due from the State of Louisiana	\$ 5,747
Taxes due from the Tangipahoa Parish School Board	51,513
Special Revenue Funds:	
Tangipahoa Parish Council Maintenance Allowance	35,477
Capital Projects Fund:	
LCDBG	-
Total Due From Other Governments	\$ 92,737

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

8. Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 1999:

	12/31/99
Bond Reserve Account	\$ 21,526
Bond Contingency Account	24,630
Contingency Account	132,503
Customers' Deposits	76,862
	\$ 255,521

9. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Land	\$ 181,135	\$ -	\$ -	\$ 181,135
Buildings	1,106,275	-	-	1,106,275
Equipment	902,008	59,459	-	961,467
Total General Fixed Assets	\$ 2,189,418	\$ 59,459	\$ -	\$ 2,248,877

A summary of proprietary fund type property, plant and equipment at December 31, 1999, follows:

Description	Life In Years	Cost	Accumulated Depreciation	Net	Depreciation This Year
Land		\$ 11,000	\$ -	\$ 11,000	\$ -
Buildings	33.3	35,898	22,464	13,434	1,747
Water System	Var.	1,585,865	623,974	961,891	45,780
Sewer System	Var.	2,893,079	1,076,300	1,816,779	107,996
Natural Gas System	Var.	788,250	484,712	303,538	14,890
Equipment	Var.	165,555	141,976	23,579	15,094
Computer System	7.0	8,193	8,193	-	-
Total		\$ 5,487,840	\$ 2,357,619	\$ 3,130,221	\$ 185,507

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

Description	Cost	Accumulated Depreciation	Net
Changes During the Year:			
Balance, Beginning of Year	\$ 5,474,298	\$ (2,172,112)	\$ 3,302,186
Addition	13,542	-	13,542
Deletions	-	-	-
Depreciation, Current	-	(185,507)	(185,507)
Balance, End of Year	<u>\$ 5,487,840</u>	<u>\$ (2,357,619)</u>	<u>\$ 3,130,221</u>

10. Changes in Long-Term Debt

The following is a summary of note transactions of the Town of Kentwood for the year ended December 31, 1999:

	Utility Revenue
Notes Payable, January 1, 1999	\$ 861,547
Notes Retired	(10,229)
Notes Payable, December 31, 1999	<u>\$ 851,318</u>

Bonds payable at December 31, 1999, are comprised of the following individual issues:

Revenue Bonds Payable:

\$910,000 Sewer Revenue Bonds sold to Rural Utilities Service, dated 6/01/92; due in monthly installments of \$4,431.70 starting July 1, 1993 through June 1, 2033; interest at 5%

\$ 851,318

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$930,212 are as follows:

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

<u>Year Ending December 31,</u>	<u>1992 Revenue</u>	<u>Total</u>
2000	\$ 53,180	\$ 53,180
2001	53,180	53,180
2002	53,180	53,180
2003	53,180	53,180
2004	53,180	53,180
2005-2009	265,900	265,900
2010-2014	265,900	265,900
2015-2019	265,900	265,900
2020-2024	265,900	265,900
2025-2029	265,900	265,900
2030-2033	186,130	186,130
	<u>\$ 1,781,530</u>	<u>\$ 1,781,530</u>

11. Flow of Funds, Restrictions on Use 1992 RUS Sewer Revenue Bonds

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS). The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town.

Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

The Town has established monthly sewer service charges as follows:

Residential	\$ 16
Commercial	\$ 32
Schools	\$200

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

Each month there will be set aside into a fund called "Bond and Interest Sinking (Redemption) Fund" a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule of \$4,432 per month whereby the Town makes payments directly to its office. This eliminates the need of the "Bond and Interest Sinking Fund".

There shall also be set aside into "Utility System Revenue Bond Reserve Fund" a sum equal to 5% of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of December 31, 1999, the Town has accumulated \$21,526 in this account.

Funds will also be set into a "Depreciation and Contingency Fund" after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. As of December 31, 1999, the "Depreciation and Contingency Fund" reserve had a balance of \$24,630.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

12. Contributions

At December 31, 1999, the following contributions toward the cost of the utility plant and engineering services had been received.

	1999
U. S. Government - HHFA	\$ 2,441
Mississippi Federated Corp.; Arcola, LA	4,138
U. S. Government - Department of Interior and Environmental Protection Agency	39,559
Town of Kentwood - Original Sewerage System	15,269
Antirecession Fiscal Assistance Fund	15,665
U. S. Government - 1975 Community Development Block Grant Program	74,610
U. S. Government - 1976 Community Development Block Grant Program	89,800
U. S. Government - 1977 Community Development Block Grant Program	250,000
Special Revenue Fund - Federal Revenue Sharing	60,036

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

U. S. Government - Department of Interior and Environmental Protection Agency (Step I Grant)	65,657
U. S. Government - 1981 Community Development Block Grant Program	411,387
William A. Tycer - Engineering Fees (EPA Step I Sewer Project)	3,806
U. S. Department of Commerce, Economic Development Administration (EDA)	118,175
Kentwood Spring Water, Inc.	29,544
American Spring Water	2,060
Town of Kentwood	202
State of La - Rural Development Grant	25,000
RUS Sewerage Grant	324,001
LA Dept of Transportation & Development	159,555
U. S. Government - 1991 Louisiana Community Development Block Grant Program	581,382
U. S. Department of HUD - 1996 LCDBG	599,700
Westmoreland Extension	4,966
Total Contributions	2,876,953
Less: Accumulated Amortization	866,331
Net Contributions	\$2,010,622

13. Kentwood Volunteer Fire Department - Revenues

2% Fire Insurance Tax

The Town maintains an active certified volunteer fire department as defined by Louisiana R.S. 22:1580 and is eligible and receives a pro-rata share of the fire insurance tax collected by the state. The amounts received by the fire department are based on the population in the Town and unincorporated area that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" the active volunteer fire department as the Town shall direct.

Maintenance Allowance From Rural Fire District #2 of Tangipahoa Parish

The fire department receives a quarterly allowance from the Tangipahoa Parish Council funded through a property tax millage on assessed property located outside the incorporated area of the Town but within the service area of the *Kentwood Volunteer Fire Department*. *These funds are to be used to help maintain equipment and supplies of the department.*

The activity of this department is reported in the Special Revenue Funds section of this financial report.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

14. Kentwood Municipal Building

On September 15, 1998, the Town of Kentwood signed a lease, with an option to sell, with a boat manufacturer for a term of three years commencing September 15, 1998, and terminating September 14, 2001, with an option to extend the lease for six successive, separate and additional periods of five years each. The rental price for the first term of the lease was \$2,170 per month. The company agreed to maintain and to pay premiums for liability insurance with a minimum combined single limit for bodily injury and property damage of not less than \$500,000 with the Town of Kentwood named as an additional insured under this policy. The company also agreed to maintain and pay premiums for fire and casualty insurance for the benefit of the Town of Kentwood in the amount of not less than \$500,000.

On April 13, 2000, the company exercised its option under the lease to acquire the property.

15. HUD Section 8 Housing Assistance Payment Program

On November 1, 1978, the Town of Kentwood, acting as the Public Housing Agency (PHA) passed a resolution authorizing execution of an annual contributions contract under the Section 8 Housing Assistance Payments Program with the U.S. Department of Housing and Urban Development.

For the fiscal year ended December 31, 1999, the Town's PHA was authorized for fifty-five (55) housing units with a maximum HUD contribution of \$185,685. Only \$144,405 was required.

The Housing Assistance Payments Program provides rental subsidies for qualified low and very low income families who reside within the Town's corporate limits. The Town's Public Housing Agency administers the program.

The HUD Section 8 Housing Assistance Payments Program is reported in the Special Revenue Fund section of this financial report.

16. Pension Plan

Substantially all employees of the Town of Kentwood are members of the following statewide retirement: Municipal Employees Retirement System of Louisiana; Municipal Police Employees Retirement System of Louisiana; or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana(System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town of Kentwood are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 2.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ended December 31, 1999, 1998, and 1997 were \$8,503, \$6,379 and \$5,544, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ending December 31, 1999, 1998, and 1997, were \$8,364, \$7,602 and \$7,957, respectively, equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ending December 31, 1999, 1998, and 1997, were \$1,544, \$1,536, and \$1,533, respectively, equal to the required contributions for each year.

17. Contingency

On March 6, 1992, a corporation, engaged to sandblast and paint a water tank, filed suits against the Town and its engineer for damages as a result of discontinuance of the project. Once the repair work began, it was discovered that the tank was structurally unsound. Based on these discoveries, the Town ordered the work and contract terminated. The corporation in its suit sought damages for losses it claims to have suffered from being unable to complete its awarded contract. In May 1995, a 19th Judicial District Judge rendered a judgement against the Town for the remaining contract balance of \$34,021, with interest and all costs. No liability for this judgement has been recorded in the Town's financial statements, since no appropriation to fund the judgement has been made.

18. Litigation

There is no outstanding litigation as of December 31, 1999.

Town of Kentwood
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 1999

19. Construction Commitment

On April 16, 1999, the Town was chosen as a recipient of sewer improvement funds under the FY 1999 Louisiana Community Development Block Grant (LCDBG) Program. The Office of Community Development within the Division of Administration has recommended a grant award of \$628,793 for the project. As of December 31, 1999, no work has begun on this project.

**FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Town of Kentwood

General Fund

Schedule 1

BALANCE SHEET
December 31, 1999

	<u>1999</u>
ASSETS	
Cash	\$ 619,929
Cash - Restricted	1,143
Taxes Receivable:	
Ad Valorem Tax	25,818
Public Utility Franchise Tax	13,157
Due From Other Funds	5,794
Due From Other Governments:	
State of Louisiana Tobacco Tax	3,210
State of Louisiana Beer Tax	2,537
Tangipahoa Parish School Board Sales Tax	51,513
Other Receivables	<u>20,729</u>
Total Assets	\$ <u>743,830</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 54,210
Other Accrued Expenses:	
Salaries, Wages, and Vacation Pay	20,633
Due To Other Funds	1,778
Due To Other Governments	<u>4,891</u>
Total Liabilities	<u>81,512</u>
 Fund Balance:	
Reserved for Economic Development	76,728
Unreserved - Undesignated	<u>585,590</u>
Total Fund Balance	<u>662,318</u>
 Total Liabilities and Fund Balance	\$ <u>743,830</u>

The accompanying notes are an integral part of this statement.

General Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes:			
Sales (Less Vendors' Comp.)	\$ 530,000	\$ 544,453	\$ 14,453
Ad Valorem	50,000	50,834	834
Public Utility Franchise	37,000	37,938	938
Chain Store	530	530	-
Licenses and Permits:			
Business Privilege and Insurance Licenses	113,200	112,854	(346)
Building Permits	1,400	1,407	7
Intergovernmental:			
Federal:			
COPS Block Grant	11,000	11,382	382
Sweet Home Tourism Grant	7,828	10,287	2,459
Town Entrance Grant	3,245	3,245	-
State of Louisiana:			
Video Poker Tax	152,000	152,227	227
Tobacco Tax	12,800	12,839	39
Beer Tax	10,500	12,116	1,616
Commission on Law Enforcement	1,000	1,010	10
Local Governments			
Fire District No. 2	3,600	5,794	2,194
Charges for Services	18,265	18,291	26
Fines and Forfeits	13,000	13,100	100
Miscellaneous:			
Interest Earned	27,000	25,372	(1,628)
Sanitation Fees	95,000	95,484	484
Rent	30,240	30,237	(3)
Other	14,125	16,783	2,658
Total Revenues	1,131,733	1,156,183	24,450

Continued on the following page.

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 2
(Continued)

General Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures			
General and Administrative	\$ 298,595	\$ 290,414	\$ 8,181
Public Safety:			
Police Department	320,300	318,792	1,508
Fire Protection	136,329	116,137	20,192
Streets & Sanitation	402,490	384,245	18,245
Health:			
Dog Control	5,900	5,862	38
Cultural:			
Museum	8,550	8,465	85
Total Expenditures	<u>1,172,164</u>	<u>1,123,915</u>	<u>48,249</u>
Excess of Revenues (Expenditures)	<u>(40,431)</u>	<u>32,268</u>	<u>72,699</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	2,560	2,560	-
Operating Transfer In:			
Enterprise Fund	100,000	100,000	-
Operating Transfer Out:			
Special Revenue Fund	(10,000)	(10,733)	(733)
Total Other Financing Sources (Uses)	<u>92,560</u>	<u>91,827</u>	<u>(733)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and other Financing Uses	52,129	124,095	71,966
Fund Balance, Beginning of Year	<u>538,223</u>	<u>538,223</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 590,352</u>	<u>\$ 662,318</u>	<u>\$ 71,966</u>

(Concluded)

The accompanying notes are an integral part of this statement.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
General and Administrative			
Salaries - Mayor and Aldermen	\$ 25,440	\$ 25,440	\$ -
Salaries - Clerical	64,000	61,136	2,864
Salaries - Janitorial	10,500	10,382	118
Payroll Tax (all General Fund Departments)	7,510	7,490	20
Municipal Employees Retirement Expense	3,500	3,422	78
Hospitalization Insurance (all General Fund Departments)	23,125	21,491	1,634
Workman's Compensation	-	1,235	(1,235)
Mayor's Expense	3,000	2,110	890
Officials' Travel	1,250	1,177	73
City Hall & Civic Center Utilities and Telephone	21,200	19,949	1,251
Senior Citizens Building Utilities	4,200	3,859	341
Martin Luther King Park Utilities	2,000	2,072	(72)
Maintenance Building Utilities	2,500	2,337	163
Industrial Building Utilities	2,100	(1,339)	3,439
Museum Utilities	2,000	2,128	(128)
City Hall & Civic Center Maintenance	14,500	17,659	(3,159)
Senior Citizens Building Maintenance	700	589	111
Martin Luther King Park Maintenance	600	475	125
Maintenance Building Maintenance	650	537	113
Industrial Building Maintenance	11,000	10,132	868
Museum Maintenance	1,000	629	371
Sweet Home Renovation	2,400	2,400	-
Meeting Expense	500	820	(320)
Professional Services	24,750	20,493	4,257
Computer Expense	5,500	5,402	98
Official Journal and Other Advertising	3,800	3,290	510
Office Supplies & Postage	4,500	4,003	497
Insurance (all General Fund Departments)	19,800	14,985	4,815
Uniforms Expense	2,200	2,085	115
Dues & Subscriptions	2,400	2,248	152
Assessor Tax Roll	2,000	1,848	152
Coroner's Fees	3,100	3,145	(45)
Promotion Expense	3,400	3,359	41
Community Development	600	494	106
Town Entrance Sign	4,000	3,942	58
Shared Cost of Public Service Program	3,120	3,120	-
Zoning Committee - Per Diem	-	310	(310)
Miscellaneous	11,000	22,859	(11,859)
Capital Outlay - Purchase of Fixed Assets	4,750	2,701	2,049
Total General & Administrative	298,595	290,414	8,181

Continued on the following page.

The accompanying notes are an integral part of this statement.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Public Safety			
Police Department:			
Salaries - Chief	\$ 28,000	\$ 28,115	\$ (115)
Salaries - Deputies	160,500	161,671	(1,171)
Payroll Taxes	16,200	16,074	126
Police Retirement Contributions	8,500	8,364	136
Health Insurance	42,000	41,742	258
Workman's Compensation	11,000	10,624	376
Office Expense	2,100	2,092	8
Computer Expense	3,500	3,454	46
Telephone	4,500	4,373	127
Dues & Subscriptions	500	475	25
Auto - Fuel	11,750	11,750	-
Auto - Repairs & Maintenance	17,950	20,890	(2,940)
Housing Prisoners	500	436	64
Supplies	2,100	2,167	(67)
Uniforms	1,000	997	3
Schools & Seminars	3,100	3,074	26
Special Fund	500	500	-
Miscellaneous	2,000	1,695	305
Capital Outlay - Purchase of Fixed Assets	4,600	299	4,301
Total Police Department	<u>320,300</u>	<u>318,792</u>	<u>1,508</u>
Fire Protection:			
Firemen Salaries	86,100	72,525	13,575
Payroll Taxes	5,304	6,175	(871)
Firemen Retirement Contributions	1,600	1,544	56
Health Insurance	10,325	8,820	1,505
Workman's Compensation	5,500	5,511	(11)
Telephone	-	3,138	(3,138)
Computer Expense	4,500	4,336	164
Truck - Fuel	2,000	1,733	267
Truck - Repairs & Maintenance	2,000	1,657	343
Miscellaneous	2,000	3,597	(1,597)
Capital Outlay - Purchase of Fixed Assets	17,000	7,101	9,899
Total Fire Department	<u>136,329</u>	<u>116,137</u>	<u>20,192</u>

Continued on the following page.

The accompanying notes are an integral part of this statement.

General Fund
SCHEDULE OF EXPENDITURES,
COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Streets and Sanitation			
Salaries and Wages	\$ 25,000	\$ 24,539	\$ 461
Payroll Taxes	1,870	1,991	(121)
Workman's Compensation	4,000	3,996	4
Waste Management	216,000	204,918	11,082
Street Materials & Supplies	7,900	7,169	731
Computer Expense	-	1,634	(1,634)
Equipment Fuel	2,500	2,579	(79)
Repairs & Maintenance	15,500	13,520	1,980
Uniforms	800	624	176
Miscellaneous	4,200	3,996	204
Street and Traffic Lights	35,000	35,165	(165)
Tree Planting Program	20,000	15,715	4,285
Maintenance Contract	17,500	17,424	76
Cemetery Utilities	110	119	(9)
Cemetery Miscellaneous	110	44	66
Cemetery Maintenance Contract	12,000	11,767	233
Street & Cemetery Capital Outlay	40,000	39,045	955
Total Streets and Sanitation	<u>402,490</u>	<u>384,245</u>	<u>18,245</u>
Health			
Dog Control:			
Salaries	3,900	3,914	(14)
Payroll Taxes	200	315	(115)
Workman's Compensation	100	93	7
Other Expenses	1,700	1,540	160
Total Health	<u>5,900</u>	<u>5,862</u>	<u>38</u>
Cultural			
Museum:			
Salaries	7,800	7,790	10
Payroll Taxes	700	628	72
Workman's Compensation	50	47	3
Total Health	<u>8,550</u>	<u>8,465</u>	<u>85</u>
Total Expenditures	<u>\$ 1,172,164</u>	<u>\$ 1,123,915</u>	<u>\$ 48,249</u>

(Concluded)

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS

Public Housing Fund - To account for the Town's Housing Fund's administration of its contract with HUD under the Section 8 Housing Assistance Payments that provides rental subsidies for qualified low and very low income families who reside within the Town's corporate limits.

Kentwood Volunteer Fire Department - To account for the receipt and use of 2% fire insurance tax as defined by Louisiana R.S.22:1580 and a maintenance allowance from Rural Fire District #2 of Tangipahoa Parish.

Town of Kentwood

Schedule 4

Special Revenue Funds

COMBINING BALANCE SHEET
December 31, 1999

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Assets			
Cash	\$ 28,310	\$ 425,785	\$ 454,095
Due From Other Funds	-	1,778	1,778
Due From Other Governments	-	35,477	35,477
Equipment	10,741	-	10,741
Other	-	294	294
Total Assets	<u>\$ 39,051</u>	<u>\$ 463,334</u>	<u>\$ 502,385</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 1,500	\$ 3,063	\$ 4,563
Due to Other Funds	-	5,794	5,794
Due to HUD	1,701	-	1,701
Deferred Revenue	12,972	-	12,972
Total Liabilities	<u>16,173</u>	<u>8,857</u>	<u>25,030</u>
Fund Balance:			
Unreserved - Undesignated	<u>22,878</u>	<u>454,477</u>	<u>477,355</u>
Total Liabilities and Fund Balances	<u>\$ 39,051</u>	<u>\$ 463,334</u>	<u>\$ 502,385</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 5

Special Revenue Funds
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended December 31, 1999

	Public Housing Sec. 8	Kentwood Volunteer Fire Department	Total
Revenues			
Intergovernmental	\$ 144,405	\$ 169,235	\$ 313,640
Interest	871	9,422	10,293
Total Revenues	<u>145,276</u>	<u>178,657</u>	<u>323,933</u>
Expenditures			
General and Administrative:			
Administrative Salaries	11,220	-	11,220
Payroll Taxes	915	-	915
Office Expense	642	-	642
Computer Expense	3,333	-	3,333
Accounting & Auditing Fee	2,760	-	2,760
Insurance	82	-	82
Housing Assistance Payments	124,157	-	124,157
Public Safety:			
Current	-	62,767	62,767
Capital Outlay	-	11,338	11,338
Total Expenditures	<u>143,109</u>	<u>74,105</u>	<u>217,214</u>
Excess of Revenues (Expenditures)	2,167	104,552	106,719
Other Financing Sources (Uses)			
Operating Transfer In	-	10,733	10,733
Excess of Revenues & Other Financing Sources Over Expenditures	2,167	115,285	117,452
Fund Balance, Beginning of Year	<u>20,711</u>	<u>339,192</u>	<u>359,903</u>
Fund Balance, End of Year	<u>\$ 22,878</u>	<u>\$ 454,477</u>	<u>\$ 477,355</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood
Special Revenue Fund
Public Housing Fund
HUD Section 8 Housing Assistance Payments Program

Schedule 6

BALANCE SHEET
December 31, 1999

	<u>1999</u>
Assets	
Cash	\$ 28,310
Equipment	<u>10,741</u>
Total Assets	\$ <u>39,051</u>
Liabilities and Fund Balance	
Liabilities:	
Deferred Revenue	\$ 12,972
Accounts Payable	1,500
Due to HUD	<u>1,701</u>
Total Liabilities	<u>16,173</u>
Fund Balance:	
Unreserved - Undesignated	<u>22,878</u>
Total Liabilities and Fund Balance	\$ <u>39,051</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 7

Special Revenue Fund
Public Housing Fund

HUD Section 8 Housing Assistance Payments Program
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental:			
Contributions Received From HUD	\$ 143,000	\$ 144,405	\$ 1,405
Miscellaneous-Interest Earned	850	871	21
Total Revenues	<u>143,850</u>	<u>145,276</u>	<u>1,426</u>
Expenditures			
General and Administrative:			
Administrative Salaries	12,500	11,220	1,280
Payroll Taxes	1,000	915	85
Office Expense	1,000	642	358
Computer Expense	3,500	3,333	167
Accounting & Audit Fee	3,000	2,760	240
Insurance	200	82	118
Housing Assistance Payments	<u>124,500</u>	<u>124,157</u>	<u>343</u>
Total Expenditures	<u>145,700</u>	<u>143,109</u>	<u>2,591</u>
Excess of Revenues (Expenditures)	(1,850)	2,167	4,017
Fund Balance, Beginning of Year	<u>20,711</u>	<u>20,711</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 18,861</u>	<u>\$ 22,878</u>	<u>\$ 4,017</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood
Special Revenue Fund
Kentwood Volunteer Fire Department

Schedule 8

BALANCE SHEET
December 31, 1999

	<u>1999</u>
Assets	
Cash	\$ 425,785
Due From Other Funds	1,778
Due From Other Governments:	
Tangipahoa Parish Council -	
Maintenance Allowance	35,477
Other Assets	<u>294</u>
Total Assets	\$ <u>463,334</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 3,063
Due to Other Funds	<u>5,794</u>
Total Liabilities	<u>8,857</u>
Fund Balance:	
Unreserved - Undesignated	<u>454,477</u>
Total Liabilities and Fund Balance	\$ <u>463,334</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 9

Special Revenue Fund
 Kentwood Volunteer Fire Department
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Intergovernmental:			
Fire Insurance Tax -			
Town of Kentwood	\$ 5,400	\$ 5,465	\$ 65
Tangipahoa Parish	10,500	10,523	23
St. Helena Parish	2,400	2,445	45
From Rural Fire Maintenance Allowance			
District #2 of Tangipahoa Parish	151,000	150,802	(198)
Miscellaneous - Interest Earned	8,700	9,422	722
Other Revenue	-	-	-
Total Revenues	<u>178,000</u>	<u>178,657</u>	<u>657</u>
Expenditures			
Current:			
Salaries - Chief	3,000	3,000	-
Salaries - Firemen	-	2,794	(2,794)
Firemen Expense	24,000	24,100	(100)
Small Tools, Equipment, and Hoses	6,000	5,335	665
Office Supplies	400	487	(87)
Gas & Oil Station #2	600	520	80
Dues and Subscriptions	200	118	82
Update	-	70	(70)
Professional Services	1,400	1,445	(45)
Insurance	15,500	19,360	(3,860)
Repairs	6,000	3,217	2,783
Supplies	600	664	(64)
Training and Tuition	700	700	-
Utilities and Telephone	1,000	922	78
Miscellaneous	-	35	(35)
Total Current Expenditures	<u>59,400</u>	<u>62,767</u>	<u>(3,367)</u>
Capital Outlays:			
Equipment	<u>12,000</u>	<u>11,338</u>	<u>662</u>
Total Capital Outlays	<u>12,000</u>	<u>11,338</u>	<u>662</u>
Total Expenditures	<u>71,400</u>	<u>74,105</u>	<u>(2,705)</u>

Continued on the following page

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 9
(Continued)

Special Revenue Fund
Kentwood Volunteer Fire Department
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1999

	1999		Variance- Favorable (Unfavorable)
	Budget	Actual	
Excess of Revenues (Expenditures)	\$ 106,600	\$ 104,552	\$ (2,048)
Other Financing Sources (Uses)			
Operating Transfer In - General Fund	10,000	10,733	733
Total Other Financing Sources (Uses)	10,000	10,733	733
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	116,600	115,285	(1,315)
Fund Balance, Beginning of Year	339,192	339,192	-
Fund Balance, End of Year	\$ 455,792	\$ 454,477	\$ (1,315)

(Concluded)

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

Water, Sewer and Gas Fund - To account for the provision of water, sewer, and natural gas services to customers and residents of the town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Town of Kentwood
Enterprise Fund
Water, Sewer and Gas Departments
BALANCE SHEET
December 31, 1999

Schedule 10

	1999
ASSETS	
Current Assets:	
Cash	\$ 460,729
Receivables:	
Accounts (Net of Allowance for Uncollectible of \$600)	158,239
Total Current Assets	618,968
Restricted Assets:	
RUS Bond Reserve - Cash	21,526
Contingency - Cash	132,503
RUS Bond Contingency - Cash	24,630
Customers' Deposits - Cash	76,862
Total Restricted Assets	255,521
Property, Plant and Equipment:	
Land	11,000
Building	35,898
Water System	1,585,865
Gas System	788,250
Sewer System	2,893,079
Computer System	8,193
Equipment	165,555
Total Property, Plant and Equipment	5,487,840
Less: Accumulated Depreciation	(2,357,619)
Net Property, Plant and Equipment	3,130,221
Total Assets	\$ 4,004,710

Continued on the following page

The accompanying notes are an integral part of this statement.

Town of Kentwood

**Schedule 10
(Continued)**

**Enterprise Fund
Water, Sewer and Gas Departments
BALANCE SHEET
December 31, 1999**

LIABILITIES AND FUND EQUITY

	1999
Liabilities:	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 57,366
Accrued Vacation Payable	6,314
Accrued Salaries Payable	1,708
Total Current Liabilities (Payable From Current Assets)	65,388
Current Liabilities (Payable From Restricted Assets):	
Customers' Deposits	74,078
Revenue Bond Payable - RUS	10,916
Accrued Interest Payable	3,541
Total Current Liabilities (Payable From Restricted Assets)	88,535
Long-Term Liabilities:	
Revenue Bonds Payable - RUS	840,402
Leases Payable	-
Total Long-Term Liabilities	840,402
Total Liabilities	994,325
Fund Equity:	
Contributed Capital	2,876,953
Less: Accumulated Amortization	(866,331)
Net Contributed Capital	2,010,622
Retained Earnings:	
Reserve for Contingencies	157,133
Reserve for Bond Payments	21,526
Unreserved	821,104
Total Retained Earnings	999,763
Total Fund Equity	3,010,385
Total Liabilities and Fund Equity	\$ 4,004,710

(Concluded)

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 11

Enterprise Fund
Water, Sewer and Gas Departments
SCHEDULE OF CHANGES IN UNRESERVED RETAINED EARNINGS
December 31, 1999

	<u>1999</u>
Unreserved Retained Earnings, Beginning of Year	\$ <u>855,835</u>
Net Income (Loss) for the Year:	
Water Department	(41,983)
Sewer Department	(23,036)
Gas Department	<u>(27,557)</u>
Combined Operations	(92,576)
Add: Amortization on Contributed Capital	94,607
Less: Appropriations for RUS Reserves	<u>(36,762)</u>
Unreserved Retained Earnings, End of Year	\$ <u><u>821,104</u></u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 12

Enterprise Fund
Water DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Water Sales	\$ 232,000	\$ 221,172	\$ (10,828)
Service Connections	1,800	1,865	65
Delinquent Charges	11,000	11,801	801
Other Revenues	1,500	-	(1,500)
Total Operating Revenues	<u>246,300</u>	<u>234,838</u>	<u>(11,462)</u>
Operating Expenses			
Salaries and Wages	58,000	57,640	360
Payroll Taxes	4,655	4,660	(5)
Municipal Employees' Retirement Expense	1,850	1,896	(46)
Health Insurance	1,000	802	198
Workers' Comp. Insurance	2,950	2,588	362
Office Expense	1,000	969	31
Computer Expense	6,200	978	5,222
Professional Services	9,000	6,896	2,104
Repairs and Maintenance	26,000	25,641	359
Equipment Fuel	2,000	2,069	(69)
Equipment Repairs & Maintenance	4,500	4,529	(29)
Insurance	5,000	5,022	(22)
Pump Electricity	33,000	31,509	1,491
Cash Short (Over)	100	77	23
Miscellaneous	5,000	5,070	(70)
Uniforms	1,150	786	364
Water Treatment Supplies	20,000	25,920	(5,920)
Depreciation	50,000	51,394	(1,394)
Total Operating Expenses	<u>231,405</u>	<u>228,446</u>	<u>2,959</u>
Net Operating Income	<u>14,895</u>	<u>6,392</u>	<u>(8,503)</u>
Nonoperating Revenues (Expenses)			
Bad Debt Expense	<u>(5,000)</u>	<u>(3,423)</u>	<u>1,577</u>
Total Nonoperating Revenues (Expenses)	<u>(5,000)</u>	<u>(3,423)</u>	<u>1,577</u>
Net Income Before Operating Transfers	9,895	2,969	(6,926)
Operating Transfer to General Fund	<u>(49,000)</u>	<u>(44,952)</u>	<u>4,048</u>
Net Income (Loss)	<u>\$ (39,105)</u>	<u>\$ (41,983)</u>	<u>\$ (2,878)</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 13

Enterprise Fund
Sewer DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Charges for Services:			
Sewer Charges	\$ 200,000	\$ 199,441	\$ (559)
Total Operating Revenues	<u>200,000</u>	<u>199,441</u>	<u>(559)</u>
Operating Expenses			
Salaries and Wages	14,200	11,858	2,342
Payroll Taxes	975	974	1
Municipal Employees' Retirement Expense	500	497	3
Workers' Comp. Insurance	1,000	841	159
Repairs and Maintenance	25,000	15,646	9,354
Electricity	31,000	29,846	1,154
Disposal	3,000	2,750	250
Maintenance Contract	13,200	13,200	-
Office & Computer	2,300	1,939	361
Equipment Fuel	1,000	829	171
Equipment Repairs	2,500	2,265	235
Analysis Fee	4,000	3,450	550
Insurance	5,000	5,000	-
Miscellaneous	4,500	4,208	292
Professional Services	9,000	7,155	1,845
Uniforms	1,000	624	376
Depreciation	110,000	113,610	(3,610)
Total Operating Expenses	<u>228,175</u>	<u>214,692</u>	<u>13,483</u>
Net Operating Income (Loss)	<u>(28,175)</u>	<u>(15,251)</u>	<u>12,924</u>
Nonoperating Revenues (Expenses)			
Interest Income	32,000	33,708	1,708
Bad Debt Recovery	1,500	1,461	(39)
Interest Expense	(37,000)	(42,954)	(5,954)
Total Nonoperating Revenues (Expenses)	<u>(3,500)</u>	<u>(7,785)</u>	<u>(4,285)</u>
Net Income (Loss)	<u>\$ (31,675)</u>	<u>\$ (23,036)</u>	<u>\$ 8,639</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 14

Enterprise Fund
Gas DepartmentSCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended December 31, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Gas Sales	\$ 385,000	\$ 374,087	\$ (10,913)
Cost of Gas Sales	(172,500)	(177,440)	(4,940)
Gross Profit on Gas Sales	212,500	196,647	(15,853)
Reconnect Fees	650	505	(145)
Penalties	11,000	11,417	417
Other Revenues	700	487	(213)
Total Operating Revenues	<u>224,850</u>	<u>209,056</u>	<u>(15,794)</u>
Operating Expenses			
Salaries and Wages	81,000	78,180	2,820
Payroll Taxes	6,460	5,957	503
Municipal Employees' Retirement Expense	2,700	2,668	32
Health Insurance	13,000	12,967	33
Workers' Comp. Insurance	2,000	2,116	(116)
Office Expense	1,100	961	139
Computer Expense	1,300	978	322
Professional Services	8,000	7,246	754
Repairs and Maintenance	15,000	14,241	759
Equipment Fuel	2,300	2,367	(67)
Equipment Repairs & Maintenance	3,200	3,255	(55)
Cathodic Protection	12,000	11,519	481
Gas Leak Survey	2,500	-	2,500
Odor Inspection	510	504	6
Uniforms	1,100	1,082	18
Insurance	5,200	5,022	178
Miscellaneous	4,000	3,569	431
Gas Meter Reading	4,500	4,230	270
DOT Drug Testing	1,000	776	224
Depreciation	20,000	20,504	(504)
Total Operating Expenses	<u>186,870</u>	<u>178,142</u>	<u>8,728</u>
Net Operating Income (Loss)	<u>37,980</u>	<u>30,914</u>	<u>(7,066)</u>
Nonoperating Revenues (Expenses)			
Bad Debt Expense	(2,000)	(3,423)	(1,423)
Total Nonoperating Revenues (Expenses)	<u>(2,000)</u>	<u>(3,423)</u>	<u>(1,423)</u>
Net Income (Loss) Before Operating Transfers	35,980	27,491	(8,489)
Operating Transfer to General Fund	(51,000)	(55,048)	(4,048)
Net Income (Loss)	<u>\$ (15,020)</u>	<u>\$ (27,557)</u>	<u>\$ (12,537)</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 15

Enterprise Fund
 Water, Sewer and Gas Departments
 SCHEDULE OF CASH FLOWS-
 PROPRIETARY FUND TYPE
 Year Ended December 31, 1999

Reconciliation of operating income to net cash provided by operating activities:		
Operating income		\$ 22,055
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	\$ 185,508	
Change in accounts receivable	(19,399)	
Change in retainage payable	(10,261)	
Change in inventory	13,838	
Change in accounts payable	6,283	
Change in accrued payables	(4,604)	
Change in customer deposits payable	1,765	
Change in accrued interest payable	<u>(6)</u>	
Total adjustments		<u>173,124</u>
Net cash provided by operating activities		195,179
Cash flows from capital and related financing activities:		
Interest income	33,708	
Repayment of RUS bonds	(10,230)	
Repayment of lease payable	-	
Payment for capital acquisitions	(13,542)	
Interest paid	(42,954)	
Capital contributions	<u>4,966</u>	
Net cash used for capital and related financing activities		(28,052)
Cash flows from noncapital financing activities:		
Operating transfers to other funds	(100,000)	
Sale of Fixed Assets	-	
Bad debt recoveries	1,461	
Bad debt expense	<u>(6,846)</u>	
Net cash used from noncapital financing activities		<u>(105,385)</u>
Net increase in cash and cash equivalents		61,742
Cash and cash equivalents, beginning of year		<u>654,508</u>
Cash and cash equivalents, end of year		<u>\$ 716,250</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 16

Enterprise Fund
**SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR
 USDA RURAL DEVELOPMENT REVENUE BOND DEBT SERVICE
 AND SCHEDULE OF CUSTOMERS
 Year Ended December 31, 1999**

	<u>Reserve</u>	<u>Contingency</u>	<u>Total</u>
Cash Balance, January 1, 1999	\$ 17,991	\$ 20,634	\$ 38,625
Cash Receipts:			
Transfers From			
Operating Account	3,535	3,996	7,531
Cash Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance, December 31, 1999	<u>\$ 21,526</u>	<u>\$ 24,630</u>	<u>\$ 46,156</u>

As of December 31, 1999, the Town of Kentwood had the following number of customers:

	<u>Sewer</u>
Residential	777
Commercial	<u>62</u>
Total	<u>839</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 17

Enterprise Fund
Gas Department
SCHEDULE OF GAS SALES AND PURCHASES
Year Ended December 31, 1999

	<u>12/31/99</u>	<u>12/31/98</u>	<u>12/31/97</u>	<u>12/31/96</u>
Gas Sales				
Volume (M.C.F.)	50,105	50,887	58,610	62,504
Dollar Amount	\$ 376,972	\$ 382,809	\$ 455,728	\$ 436,312
Gas Purchases				
Volume (M.C.F.)	57,150	54,757	63,950	65,666
Dollar Amount	\$ 177,341	\$ 191,377	\$ 208,043	\$ 218,829
Gross Profit	\$ <u>199,631</u>	\$ <u>191,432</u>	\$ <u>247,685</u>	\$ <u>217,483</u>
Percent of Sales	52.96%	50.01%	54.35%	49.85%
Unaccounted for Gas Purchases				
Volume (M.C.F.)	7,045	3,870	5,340	3,162
Average Cost of Unaccounted for Gas	\$ 21,862	\$ 13,526	\$ 17,355	\$ 10,529
Percent of Purchases	12.33%	7.07%	8.34%	4.81%
Number of Customers at Year End:				
In Service-Industrial	1	1	1	1
In Service-Other	<u>549</u>	<u>544</u>	<u>567</u>	<u>555</u>
Total	<u>550</u>	<u>545</u>	<u>568</u>	<u>556</u>
Average Sales for Period				
Volume (M.C.F.)	91	93	103	112
Dollar Amount	\$ <u>685</u>	\$ <u>702</u>	\$ <u>802</u>	\$ <u>785</u>
Amounts Per M.C.F.				
Gas Sales-Industrial	\$ 5.46	\$ 5.45	\$ 5.26	\$ 4.25
Gas Sales-Other	<u>8.17</u>	<u>8.16</u>	<u>8.47</u>	<u>7.76</u>
Gas Sales Combined	\$ 7.52	\$ 7.52	\$ 7.78	\$ 6.98
Gas Purchases	<u>(3.10)</u>	<u>(3.50)</u>	<u>(3.25)</u>	<u>(3.33)</u>
	4.42	4.02	4.53	3.65
Unaccounted for Gas	<u>(0.38)</u>	<u>(0.27)</u>	<u>(0.27)</u>	<u>(0.16)</u>
Gross Profit per M.C.F. Sold	\$ <u>4.04</u>	\$ <u>3.75</u>	\$ <u>4.26</u>	\$ <u>3.49</u>

The accompanying notes are an integral part of this statement.

Town of Kentwood

Schedule 18

SCHEDULE OF INSURANCE
Year Ended December 31, 1999

Company Name	Coverage Dates	Description
Western Surety Company Bond # 18259952	11/01/98 - 11/01/99 11/01/99 - 11/01/00	\$150,000 - Bond - Bobby Gill, Mayor
Western Surety Company Bond # 18208517	7/01/98 - 7/01/99 7/01/99 - 7/01/00	\$150,000 - Bond - Julia Forrest, Clerk
Western Surety Company Bond # 18272062	6/20/98 - 6/20/99 6/20/99 - 6/20/00	\$310,000 - Bond - Position Schedule
Scottsdale Indemnity Co. Policy # CA10016283	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$500,000 Commercial Auto Liability
Scottsdale Indemnity Co. Policy # PE1000382	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$1,550,790 Commercial Property Policy
Scottsdale Indemnity Co. Policy # PE1000382	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$500,000 Employee Practices
Scottsdale Indemnity Co. Policy # PE1000382	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$500,000 Public Officials Liability
Scottsdale Indemnity Co. Policy # PE1000382	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$500,000 Comprehensive Law Enforcement Liability
Scottsdale Indemnity Co. Policy # PE1000382	2/01/98 - 2/01/99 2/01/99 - 2/01/00	\$1,000,000 General Aggregate, \$1,000,000 Completed Operations, \$1,000,000 Employee Injury \$500,000 Occurrence, \$500,000 Personal Injury
Evanston Insurance Co. Policy # SK800641	1/01/98 - 1/01/99 1/01/99 - 1/01/00	General Liability for Natural Gas and Water Distribution Service \$1,000,000 Each Accident \$1,000,000 policy Aggregate
Municipal Risk Management Agency (Workers Comp)	11/19/99 - 11/19/00	Statutory Limits

The accompanying notes are an integral part of these statements.

Town of Kentwood

Schedule 19

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1999

The Schedule of Compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>FYE</u> <u>12/31/99</u>
Bobby Gill, Mayor P O Box 559 Kentwood, LA 70444 (504) 229-3150	\$ 12,240
Bernell J. Cook, Council Member 1335 3 rd Street Kentwood, LA 70444 (504) 229-2385	2,640
Kathleen Bryan, Council Member 504 Ave. A Kentwood, LA 70444 (504) 229-2535	2,640
Dr. Carlton S. Faller, Council Member 309 Ave. A Kentwood, La 70444 (504) 229-3681	2,640
Ferrie Blackman, Council Member 710 Ave. K Kentwood, LA 70444 (504) 229-3005	2,640
Irma T. Gordon, Council Member 1607 13th Street Kentwood, LA 70444 (504) 229-5228	2,640
	<u>2,640</u>
	<u>\$ 25,440</u>

All Terms Expire 12/31/2002.

The accompanying notes are an integral part of these statements.

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 1999

Section I - Internal Control and Compliance Material to the Financial Statements:

Reference Number: 98-C1

Fiscal Year Finding Initially Occurred:

December 31, 1998

Description of Finding:

It was noted within Footnote 19 (Year 2000 Issue) of the *Notes to the Financial Statements*, that the Town of Kentwood has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and that significant action has been taken to achieve year 2000 compliance. This action consists of inventory of existing hardware and operating systems for required year 2000 changes, with implementation of the proposed changes currently in progress. For accounting programs, software vendors are scheduled to be on-site at the end of July, 1999, to install final year 2000 modifications and to upgrade from "DOS" to a windows operating system. For the utility billing program, the software vendor has provided year 2000 updates, and the Town anticipates upgrading this program from "DOS" to windows before fiscal year end. In addition it is noted that for the utility system, year 2000 compliance may be affected by the operation of electrical components within utility plants.

Corrective Action Taken:

Yes

Section II - Internal Control and Compliance Material to Federal Awards:

No Section II Findings in Prior Year.

Section III - Management Letter:

No Section III Findings in Prior Year.

Corrective Action Plan for Current
Year Audit Findings
For the Year Ended December 31, 1999

Section I - Internal Control and Compliance Material to the Financial Statements:

Reference Number: 99-F1

Description of Finding:

As part of the review and testing of the Section 8 Rental Certificate Program (CFDA No. 14.857), a sample of 25 tenant files was selected for testing. The findings are disclosed in Reference Numbers 99-F1 below, and follow for Reference Numbers 99-F2 and 99-F3. The finding for Reference Number 99-F1 is as follows:

Of the 25 tenant files selected for testing, it was noted that rent was computed incorrectly for two tenants. The errors noted resulted in a \$24 overpayment of utility allowance and a \$144 overpayment to a landlord, for a total error of \$168. Since fifty percent of applications were tested, the total error projected to the population was \$336, and was not considered material. However, the determination and calculation of correct rental payments is a requirement of the *Compliance Supplement* for Section 8 Programs. We recommend that management of the Town of Kentwood immediately review all files for Section 8 participants to determine that rent is computed correctly.

Corrective Action Planned:

Management of the Town of Kentwood corrected the error in Utility Assistance Payments and notified the Landlord in question that a schedule was set up for recovery of overpayments for rental assistance. All Section 8 files will be immediately reviewed to ensure that rent payments and assistance is calculated correctly.

Name of Contact Person:

Julia Forrest
308 Avenue G
Kentwood, LA 70444

Anticipated Completion Date:

Errors identified in testing have been corrected. We will review all Section 8 files by June 30, 2000, to ensure that rent computations and assistance are calculated correctly.

Reference Number: 99-F2

Description of Finding:

As noted above, and as part of the review and testing of the Section 8 Rental Certificate Program (CFDA No. 14.857), a sample of 25 tenant files were selected for testing. The finding for Reference Number 99-F2 is as follows:

Town of Kentwood

**Schedule 21
(Continued)**

**Corrective Action Plan for Current
Year Audit Findings
For the Year Ended December 31, 1999**

Of the 25 tenant files selected for testing, it was noted that the annual reinspection was not on file for one client, and dependent documentation was not on file for another client. As with the previous finding, this is a requirement of the *Compliance Supplement* for the Section 8 program, and the housing unit must be reinspected every twelve months, and dependent documentation must be obtained with the initial application and updated for current files. We recommend that management of the Town of Kentwood immediately review its entire file of Section 8 tenants and make certain that documentation is maintained for annual inspections and dependent documentation is maintained in the current Section 8 file.

Corrective Action Planned:

Management of the Town of Kentwood is currently in the process of reviewing its entire file of Section 8 tenants to make certain that documentation for annual inspections and dependent documentation is on file for each Section 8 participant.

Name of Contact Person:

Julia Forrest
308 Avenue G
Kentwood, LA 70444

Anticipated Completion Date:

Estimated completion date is June 30, 2000 to review all Section 8 files for documentation on annual inspections and dependent data.

Reference Number: 99-F3

Description of Finding:

As noted above, and as part of the review and testing of the Section 8 Rental Certificate Program (CFDA No. 14.857), a sample of 25 tenant files was selected for testing. The finding for Reference Number 99-F3 is as follows:

Of the 25 tenant files selected for testing, it was noted that Lease Change/Annual Re-certification was not signed by both the tenant and PHA for six different applicants. Projected to the population of fifty applicants, this would indicate that the required signatures were not obtained for an estimated twelve participants (or 24% of the population). As with the previous finding, this is a requirement of the *Compliance Supplement* for the Section 8 program, and must be completed for each Section 8 tenant. We recommend that management immediately review its entire file for Section 8 tenants and without exception complete the annual recertification process.

Town of Kentwood

**Schedule 21
(Continued)**

**Corrective Action Plan for Current
Year Audit Findings
For the Year Ended December 31, 1999**

Corrective Action Planned:

Management is currently in the process of reviewing its entire file of Section 8 tenants to make certain that the annual re-certification process is completed as required for each Section 8 participant.

Name of Contact Person:

Julia Forrest
308 Avenue G
Kentwood, LA 70444

Anticipated Completion Date:

Compliance is anticipated by June 30, 2000.

Section II - Management Letter:

No Section II Findings in Current Year.

(Concluded)

BRUCE HARRELL & CO.
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MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor, Bobby Gill
and Members of the Board of Aldermen
Town of Kentwood, Louisiana

We have audited the financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated May 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Kentwood, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of Corrective Action Plan for Current Year Audit Findings as items 99-F1, 99-F2 and 99-F3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Kentwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Page 2

This report is intended for the information of the management of the Town of Kentwood, the Legislative Auditors and the cognizant Federal Agency. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Kentwood, Louisiana is a matter of public record.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

May 26, 2000